

City Council Work Session
Tuesday, November 5, 2013
7:00 p.m.
Council Chambers – Rouss City Hall

AGENDA

1.0 Call to Order

2.0 Public Comments: (Each person will be allowed 3 minutes to address Council with a maximum of 10 minutes allowed for everyone)

3.0 Items for Discussion:

3.1 Presentation: John Kerr Elementary School PPEA Proposal – Rick Leonard, Winchester Public School Superintendent & Kevin McKew, Executive Director (pages 3-45)

3.2 R-2013-57: Resolution – Authorization for the issuance, not to exceed \$115,000,000, of Hospital Revenue Bonds and Hospital Revenue Refunding Bonds by the Economic Development Authority – Jim Deskins, Economic Redevelopment Director (pages 46-51)

4.0 Executive Session

4.1 MOTION TO CONVENE IN EXECUTIVE SESSION PURSUANT TO §2.2-3711(A)(7) OF THE CODE OF VIRGINIA FOR THE PURPOSE OF RECEIVING LEGAL ADVICE AND STATUS UPDATE FROM THE CITY ATTORNEY AND LEGAL CONSULTATION REGARDING THE SUBJECT OF SPECIFIC LEGAL MATTERS REQUIRING THE PROVISION OF LEGAL ADVICE BY THE CITY ATTORNEY AND MATTERS OF ACTUAL OR PROBABLE LITIGATION AND PURSUANT TO §2.2-3711(A)(3) AND (6) FOR THE PURPOSE OF DISCUSSION OR CONSIDERATION OF THE SUBJECT OF the ACQUISITION OF AN INTEREST IN REAL PROPERTY AND FOR THE PURPOSE OF DISCUSSION OF THE SUBJECT OF INVESTMENT OF PUBLIC FUNDS WHERE BARGAINING IS INVOLVED, AND WHERE IF MADE PUBLIC, THE BARGAINING POSITION OR FINANCIAL INTEREST OF THE CITY WOULD BE ADVERSELY AFFECTED, AND PURSUANT TO §2.2-3711(a) (40) AND (29) FOR THE PURPOSE OF DISCUSSION OF THE AWARD OF A PUBLIC CONTRACT INVOLVING THE EXPENDITURE OF PUBLIC FUNDS, INCLUDING INTERVIEWS OF BIDDERS OR OFFERORS, AND DISCUSSION OF THE TERMS AND SCOPE OF SUCH

CONTRACT, WHERE DISCUSSION IN AN OPEN SESSION WOULD ADVERSELY AFFECT THE BARGAINING POSITION OR NEGOTIATING STRATEGY OF THE CITY, AND PURSUANT TO §2.2-3711(A) (7) OF THE CODE OF VIRGINIA FOR THE PURPOSE OF DISCUSSION AND CONSIDERATION OF INFORMATION REGARDING THE SUBJECT OF THE EMPLOYMENT, ASSIGNMENT, APPOINTMENT, AND PERFORMANCE OF SPECIFIC PUBLIC OFFICERS APPOINTEES, AND EMPLOYEES OF THE CITY OF WINCHESTER INCLUDING THE APPOINTMENT OF OR PROSPECTIVE APPOINTMENT OF MEMBERS TO CERTAIN BOARDS AND COMMISSIONS.

5.0 Liaison Reports

6.0 Adjourn

Analysis of Potential John Kerr Elementary Sites

10/17/2013

Introduction

In accordance with provisions of the Virginia Public-Private Education Facilities and Infrastructure Act of 2002 (the PPEA), the Winchester Public School Board recently accepted proposals for the construction of the new John Kerr Elementary School (JKES). The PPEA process requires the input of the Affected Local Jurisdiction (the City of Winchester) to determine if the proposed project is compatible with the (i) local comprehensive plan, (ii) local infrastructure development plans, or (iii) capital improvements budget or other governmental spending plan. This report will address all three PPEA requirements as well as provide a synopsis of an economic and market analysis that determines development opportunities at two city sites, and other related factors relating to the proposed construction of a new City elementary school. The analysis of both sites, the undeveloped portion of the JKES property on Jefferson Street and the 9.3-acre Ridgefield Orchard site along the proposed Meadow Branch Avenue extended, rely on common assumptions yet maintain different challenges and outcomes should a new elementary school be located on either site.

Local Comprehensive Plan

The Comprehensive Plan was adopted in 2011 and offers strategic guidance for future public and private redevelopment decisions which will have impacts on the physical form of land development in Winchester.

Jefferson Street Site

Regarding compatibility with the local comprehensive plan, the proposal to rebuild on the Jefferson Street site within an existing residential neighborhood where one 2-lane street would be extended is generally compatible with the adopted Plan. The extension of Nester Drive greatly improves the walkability (and bikability) of the elementary school to the large Williamsburg Heights residential area. The installation of Nester Drive will also benefit high school students walking or biking to JHHS. Chapter Six of the Comprehensive Plan speaks to the importance of multimodal mobility, specifically dealing with school children walking to and from school and reducing the dependency upon automobile use within the City. The Character Map in the adopted Comprehensive Plan calls for continued Civic/Public future development on the current JKES tract. In order to develop the existing JKES site with residential use or any uses other than public facilities, a rezoning would be needed. The proposal to build on the existing JKES site appears to be consistent with much of the walkable community vision as well as many of the goals and objectives contained in the Plan. This existing site, together with the Nester Drive extension provides a safe, convenient, neighborhood based school which would not convert taxable property to nontaxable land use.

Meadow Branch Avenue Site

The C&S document states that the Comprehensive Plan “recognizes the need to construct a new JKES,” but this does not appear to be stated anywhere in the adopted Comprehensive Plan. The adopted Comprehensive Plan contains a number of statements, visions, and objectives relevant to the placement of a public elementary school. The Meadow Branch Avenue site situated along a four-lane divided roadway, with a traffic signal, is not compatible with those visions and objectives identified in the

Comprehensive Master Plan. The extension of Meadow Branch Avenue through the Smith and Moffett properties between Amherst Street on the north and Buckner Drive within the Meadow Branch North subdivision to the south offers many opportunities for mixed use, New Urbanism-type development. Proffers associated with prior rezonings of the land commit the developers to roadway and Green Circle Trail improvements as a center spine for development. The neighboring regional medical center makes the site attractive to high-income seniors and healthcare professionals. A variety of housing types, ranging from luxury condominiums to high-and mid-rise retirement housing and assisted living, may be appropriate for the site. While the C&S proposal would situate the new school along a portion of Meadow Branch Avenue where the Green Circle Trail is proposed, most likely on the east (opposite) side of the 4-lane divided roadway, the plans included in the proposal do not show any pedestrian connections to the Trail or the public street out front.

Local Infrastructure Development Plans

Jefferson Street Site

The Jefferson Street site would require a 600 feet extension of Nester Drive, which is designed to be a two-lane street with curb and gutter. Jefferson Street would require a 265 feet extension, and it is a two lane street that requires curb and gutter. This site would require sidewalks on both sides of the new extension as well as pedestrian streetlights. Lastly, the property would require storm water infrastructure and sanitary sewer main extension. The project would be completed in July 2015.

Meadow Branch Avenue Site

The Meadow Branch Avenue site would require a 3,000 feet extension of Meadow Branch Avenue. It is designed to be a four-lane divided roadway that also needs curb and gutter. The new road would require sidewalk on one side of the street and a new section of the Green Circle Trail on the other side of the road. The extension would have a landscaped center median. The new school would have a traffic signal at its entrance, and the extension would have pedestrian streetlights. Lastly, the new road would require storm water infrastructure as well as water and sewer main extensions. The project would be completed in July 2015.

Capital Improvements Budget

The City Capital Improvements Budget is used to plan and account for the financing and construction of capital projects of the general government over a projected five-year period. Financing is provided by a wide variety of funding sources to include general government revenue, bond proceeds, and state shared revenue. Financing sources are identified by project in the City's CIP Budget.

Common Assumptions

Jefferson Street Site

Regardless of the location of the proposed new school, the current JKES will be either vacated and

“mothballed” or renovated for other educational purposes. A future use of the property has not been identified and steps will be taken to promote the preservation of the vacated school. Without a funding plan to ensure preservation of the school, the property may potentially become blighted in the future. Clearly the lack of a plan for future utilization of this facility exists regardless of the selected site for the future JKES.

The current JKES property and adjacent land that is proposed for the new school on the Jefferson Street site is owned by the Handley Board of Trustees. A nonprofit entity, their real estate holdings are exempt from all City property taxes. The Handley Board of Trustees has determined that they cannot sell property for development since it “does not meet the charitable test of Judge Handley’s Will that the Trust Fund shall be used for educational purposes”.

Meadow Branch Avenue Extended Site

This report assumes that the market support for medical office space, assisted living facilities (ALFs), and age-restricted housing in the area nearby the Winchester Medical Center will continue over the next several years. Winchester Medical Center’s growth and financial health has attracted a steady flow of healthcare related development, and this trend is based on population demographics and Winchester’s desirability as a retirement community which is likely to continue in the future. Specifically, current market trends forecast continued need for medical office space, ALFs, and age-restricted housing in Winchester. Development activity for all three types of properties has been substantial in Winchester and surrounding Frederick County over the past years, and the continued development of Winchester Medical Center and related medical facilities is likely to fuel this demand.

Jefferson Street Site

Jefferson Street Site Description of Scenario Based on Assumptions

The current master plan for the JKES site maintains that the Jefferson Street property’s most desirable outcome would be the construction of a new elementary school located on the land adjacent to the existing school. Additionally, the City’s Consolidated Plan supplements this statement by stating in Chapter Six that the City should incorporate a walkable community vision that “allows children to travel to and from school safely while getting some exercise at the same time”. The Jefferson Street site meets this recommendation because the property is surrounded by an established neighborhood with a two-lane road that has sidewalks on both sides. In addition, the Handley Trust has determined that the Jefferson Street site will only accommodate educational uses. Any other usage does not coincide with John Handley’s Will and Testament.

Jefferson Street Site Infrastructure Costs

The Shockey P3 PPEA does not commit the proposer to providing any financial support towards the development of Nester Drive, including right-of-way acquisition and/or utilities. Therefore, the costs for constructing the infrastructure associated with locating the new school at the Jefferson Street site will

be split between the City and Virginia Department of Transportation (VDOT). Specifically, the Nester Drive extension/Jefferson Street extension cost approximately \$1.5 million with \$750,000 being paid by VDOT and the balance being the responsibility of the City. In addition, the utility costs associated with this site must be paid by the City. The sanitary sewer main extension for Nester Drive is estimated to cost approximately \$175,000 and the water/sewer availability fees are estimated at \$24,100. Lastly, the cost of right-of-way acquisition has not been disclosed by the proposer, and this amount will likely remain unknown. In summary, the combined cost for road construction and utility integration for the Jefferson Street site will approximately cost \$1,699,100 with \$949,100 plus the unknown costs for right-of-way acquisition being contributed by the City. An additional breakdown of expense allocation can be found in Attachment B.

Jefferson Street Site Funding Options

Options to fund the nonbudgeted expenses associated with the construction of Nester Drive are limited. The finance department would recommend shifting money from a project that previously exists within our current bond issuance to pay for any increases regarding road development around the new school. The finance director's recommendation is to utilize a maximum amount from other bonded projects of \$1 million for the required improvements. A less desirable option to fund the road/infrastructure improvements would be to utilize cash from an existing capital improvement project. A listing of those projects could be provided if this option is selected. This is not a recommendation from the finance department.

Jefferson Street Site Zoning Requirements

The existing JKES site on Jefferson Street is zoned Education, Institution and Public Use, EIP which is specifically established to support schools and other public and institutional uses. The Shockey P3 PPEA proposal does not require a land rezoning or subdivision approval, except for a subdivision to establish Nester Drive through the Bridgeforth property.

Jefferson Street Site Economic Impact

The Handley Trust will not sell the property for noneducational development purposes. Therefore, economic impact is nonexistent.

Jefferson Street Site Conclusions

- The Handley Board of Trustees has stated that their property must pass the charitable test of Judge Handley's Will that the Trust Fund must be used for educational purposes, and selling the property for development does not meet that requirement
- The Jefferson Street site is properly zoned for JKES development

- The development of Nester Drive will an unbudgeted amount of \$949,100
- The total cost of the required right-of-way acquisition cannot be disclosed by the proposer
- The Jefferson Street site is walkable due to its proximity to established existing neighborhoods
- A plan has not been developed to address the future use of the existing JKES
- The \$1 million estimate for furniture and equipment for the school is unfunded
- Construction would be completed in July 2015

Meadow Branch Avenue Site

Meadow Branch Avenue Site Description of Scenario Based on Assumptions

A study completed by S. Patz and Associates, Inc. identified the three highest and best uses of the Meadow Branch Avenue site as medical office space, assisted living facilities (ALFs), and/or age-restricted housing (See Attachment A, S. Patz, 2013). The proximity of the Meadow Branch Avenue site to Winchester Medical Center makes this site a premier location for supporting development, and each of the proposed development types provide similar net tax revenue to the City.

Attachment A stated that current market trends forecast continued demand for medical office space in the land adjacent to the hospital. Medical office space in Winchester is 100% occupied, and the market warrants 75,000sf +/- additional medical office space. This potential use of the proposed 9.3 acres for the new JKES would generate more than \$200,000 in net tax revenue annually to the City should the property be developed as medical office space.

An additional highest and best use for the Meadow Branch Avenue school site based on assumed market trends is an ALF. Winchester Medical Center's reputation as the premier hospital in the region and Winchester's notoriety as a premier retirement community has attracted various forms of supporting development and a growing elderly population. Market projections between 2013-2018 warrant the creation of 100-120 new ALF beds. Typical ALFs house 80 beds and would require approximately three acres of the nine acre site. In addition, Attachment A states that locating this facility on the Meadow Branch Avenue site would also generate annual net tax revenue for the City in excess of \$200,000, and other than modest expansion plans at the Village at Orchard Ridge, no other ALFs are planned for development in the future. Should this assumed market trend continue, which demographics indicate will occur, this portion of the Meadow Branch Avenue school site would be a beneficial site for an ALF.

The last proposed advantageous use of the Meadow Branch Avenue site based on assumed market trends would be the development of an age-restricted community. These communities within the Winchester/Frederick County region are becoming increasingly popular and yield miniscule vacancy rates. An age-restricted community would consume the entire proposed Meadow Branch Avenue school site and also generate more than \$200,000 in net tax revenue annually. In summary, any mixed-use development including the three identified options will result in annual net tax revenue exceeding \$200,000 to the City or over \$8 million over the life expectancy of the school.

Meadow Branch Avenue Site Infrastructure Costs

The proposed school site on Meadow Branch Avenue utilizes outside funding resources to diminish the City's funding needs for road construction and utility installation. The following estimates assume all right-of-ways are dedicated to the City at no cost. The northern 2/3 of the Meadow Branch extension will cost approximately \$2.64 million with \$1.32 million being paid by Ridgefield Orchard and the remaining being paid by VDOT. The remaining 1/3 of the Meadow Branch Avenue extension will cost \$1.36 million. VDOT will pay \$680,000 of this expense and the City will incur the remaining balance. This site will also require water and sewer main extensions that will approximately cost \$325,000. Ridgefield Orchard will pay \$300,000 of this expense and the adjacent property owner has committed to the remaining balance. In summary the entire infrastructure costs for this proposed site is estimated to be \$4.32 million with \$680,000 to be the responsibility of the City. A breakdown of expense allocation can be found in Attachment C. However, the proposed water and sewer system is not looped which means that the system provides a lack of redundancy and is not a recommended design for adequate fire protection. This system also does not provide an additional source of water to the school should the water main break between Amherst Street and the proposed Meadow Branch Avenue school site. If this were to occur the school would be closed until repairs or accommodations are made.

Meadow Branch Avenue Site Funding Options

Options to fund the nonbudgeted expenses associated with the construction of Meadow Branch extension are limited. The finance department would recommend shifting money from a project that previously exists within our current bond issuance to pay for any increases regarding road development around the new school. The finance director's recommendation is to utilize a maximum amount from other bonded projects of \$1 million for the required improvements. A less desirable option to fund the road/infrastructure improvements would be to utilize cash from an existing capital improvement project. A listing of those could be provided if this option is selected. This is not a recommendation from the finance department.

Meadow Branch Avenue Site Zoning Requirements

Regarding a necessary rezoning, the C&S document notes the existing conditional RB-1 and MR zoning on the majority of the proposed school site as well as the LR zoning on the existing DBL Holdings property that is proposed for merger with the Ridgefield Orchard land. It states that the remaining commercial land would be rezoned B-1. That is a very intensive Central Business District zoning and inconsistent with the Comprehensive Plan.

The project proposed by C&S Design Development requires a rezoning involving multiple property owners, and a realignment of the proposed Meadow Branch Ave extension. The schedule included in Vol II, Section 2 shows a 3.5 month timeframe for approval of the rezoning, a major subdivision, and a site plan. That ambitious schedule can only be done if the City agrees to consider these three actions

concurrently rather than in the typical consecutive manner. The chart notes a 12/10/13 start date and a 3/30/14 end date for 'Site Plan Development and Approval'. If site plan development includes the time that it takes an engineering firm to 'develop' the plan prior to submitting it for formal approval, then the timeframe is unreasonable. As noted above, rezonings require public hearings where conformity with the adopted Comprehensive Plan has to be stated.

Meadow Branch Avenue Site Economic Impact

Per Attachment A, “the Meadow Branch Avenue site will be competitive for medical office space, ALFs, and/or age-restricted housing. Any of the possible uses will generate in excess of \$200,000 in net tax revenue annually. Complete development of the property could include one or more of the identified uses, though the exact mix of the development is undetermined at this time.”

Meadow Branch Avenue Site Conclusions

- The highest and best uses of the Meadow Branch Avenue site are a medical office facility, ALF, and/or age-restricted housing
- Any combination of the mixed-use development options on the 9.3 Ridgefield Orchard site would generate net tax revenues in excess of \$200,000 annually
- The Meadow Branch Avenue site would require rezoning to accommodate the proposed JKES
- The extension of Meadow Branch Avenue will require an unbudgeted amount of \$680,000
- Chapter Three, Subsection Seven of the City Comprehensive Plan states that the City should “reduce the conversion of taxable property to non-taxable land uses”
- The Meadow Branch Avenue site is not surrounded by existing residential neighborhoods, thus diminishing walkability
- A plan has not been developed to address the future use of the existing JKES
- The \$1 million estimate for furniture and equipment for the school is unfunded
- Fire protection could be hindered due to the fact that the proposed infrastructure does not incorporate a looped water and sewer system
- Construction would be completed in July 2015

DRAFT

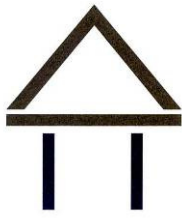
Market and Fiscal Impacts Analysis
Two Potential School Sites
Winchester, Virginia

Prepared For:

Mr. James Deskins
Department of Economic Development
City of Winchester, Virginia

October , 2013

S. Patz and Associates, Inc.
46175 Westlake Plaza
Suite 400
Potomac Falls, Virginia 20165



■ S. PATZ & ASSOCIATES, INC ■
■ REAL ESTATE CONSULTANTS ■

October 14, 2013

Mr. James Deskins
Director
Department of Economic Development
City Hall
15 No. Cameron Street
Winchester, Virginia 22601

Dear Mr. Deskins:

This report is a comparison analysis of the development opportunities at two city sites, and the resulting net tax revenue that would accrue to the City of Winchester from likely site development. Both sites, the undeveloped portion of the John Kerr School property on Jefferson Avenue and the 9.3-acre Ridgefield Orchard site along Meadow Branch Avenue extended, have been identified as possible locations for a new City elementary school. If built, the new elementary school would be constructed for opening by the Fall, 2015 school year.

The development plans for each new school building have been accepted by the City's Department of Public Education. The issue before City staff is whether the selection of one site over the other would remove a viable property that is developable, and the eventual net tax revenue from the property development to the City. The report conclusion shows that would be a definite result.

The John Kerr site is well located for new single family development, if developable. However, site restraints, zoning issues and site covenants precludes any site development for non-educational uses.

On the other hand, our study concluded that the Ridgefield Orchard site, a 9.3-acre property, is marketable for one of three land uses or a mix of these uses. The Meadow Branch Avenue corridor, and the Ridgefield Orchard site, in particular, can support, in time, a new assisted living facility of 80± beds, up to 60,000 (or more) square feet of medical office space, and /or 50± one-story attached age-restricted housing units at sale prices, reported in constant 2013 dollars, of \$300,000.

Mr. James Deskins
October 14, 2013

There are vacant, available sites along Meadow Branch Avenue for new development that are adjacent to the Ridgefield Orchard site. These also could be developed with any of these three uses under study. It is speculative to determine which of the adjacent sites will be developed first and with what land use. However, in time, with the study period to 2020, the Ridgefield Orchard site could be developed with one or more of the identified land uses, and at build-out, would generate \$200,000± in net annual tax revenue.

The detailed market data that supports these findings and conclusions are presented in the attached market analysis. I remain available to continue to assist you with this comparison analysis.

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart M. Patz", with a long, sweeping horizontal line extending to the left.

Stuart M. Patz
President

SMP/mes
[2227]

Market and Fiscal Analysis

Market and Fiscal Analysis

The purpose of the following study is to evaluate market support for new development at two sites within the City of Winchester that are under planning and review for a new elementary school. Based on the development potential of each site, the magnitude of real estate tax revenue will be calculated for each location, so that City officials can determine which site would best benefit the City in terms of new tax revenues. One new elementary school will be built and both sites have been studied and determined to be competitive locations. The time frame for the start of construction for a new school is late-2013, with about 1.5 years for completion and an opening date prior to the start of the Fall, 2015 school year. Thus, the market analysis shows site development potential for the post-2016 period. After expected site build out, annual tax revenues will be calculated. All data are presented in constant 2013 dollars, which eliminates any factor for inflation.

John Kerr School Site

The current John Kerr School address is 536 Jefferson Street, situated within a single family neighborhood located west of Valley Avenue (U.S. Route 11) and south of U.S. Route 50. The setting is attractive and generally mature, with no recent development in this part of the city. The area to the west of the existing school is currently vacant meadowland (see Map A).

John Kerr School is an existing elementary school located just west of Harper Drive. The site is approximately 15.82 acres in size. We were provided with several site sizes, but for this study, the entire site is judged to be slightly less than 16 acres. The assessed value of the land is \$1,581,500, or \$100,000 per acre. This value excludes the school building and other ancillary buildings on the property.

The following three pages shows pictures of the John Kerr School property and its setting along Jefferson Street. First presented are photos of the existing school

building. The current building is located on the east side of the property and fronts along Jefferson Street. Once a new school is built, this building will remain and possibly be converted into public use.

The second page of photos shows the west side of the property, which is the land planned for the new school, and represents one of the two sites planned for a new school. This land is level, and vacant, except for parking and play fields, and is located off of Jefferson Street.

The third page of photos are views along Jefferson Street. Jefferson Street is a two-lane, tree-lined street with single family homes in the mid-\$300,000's price range.

John Kerr School Elementary School



Two Views of Proposed Site For New John Kerr School



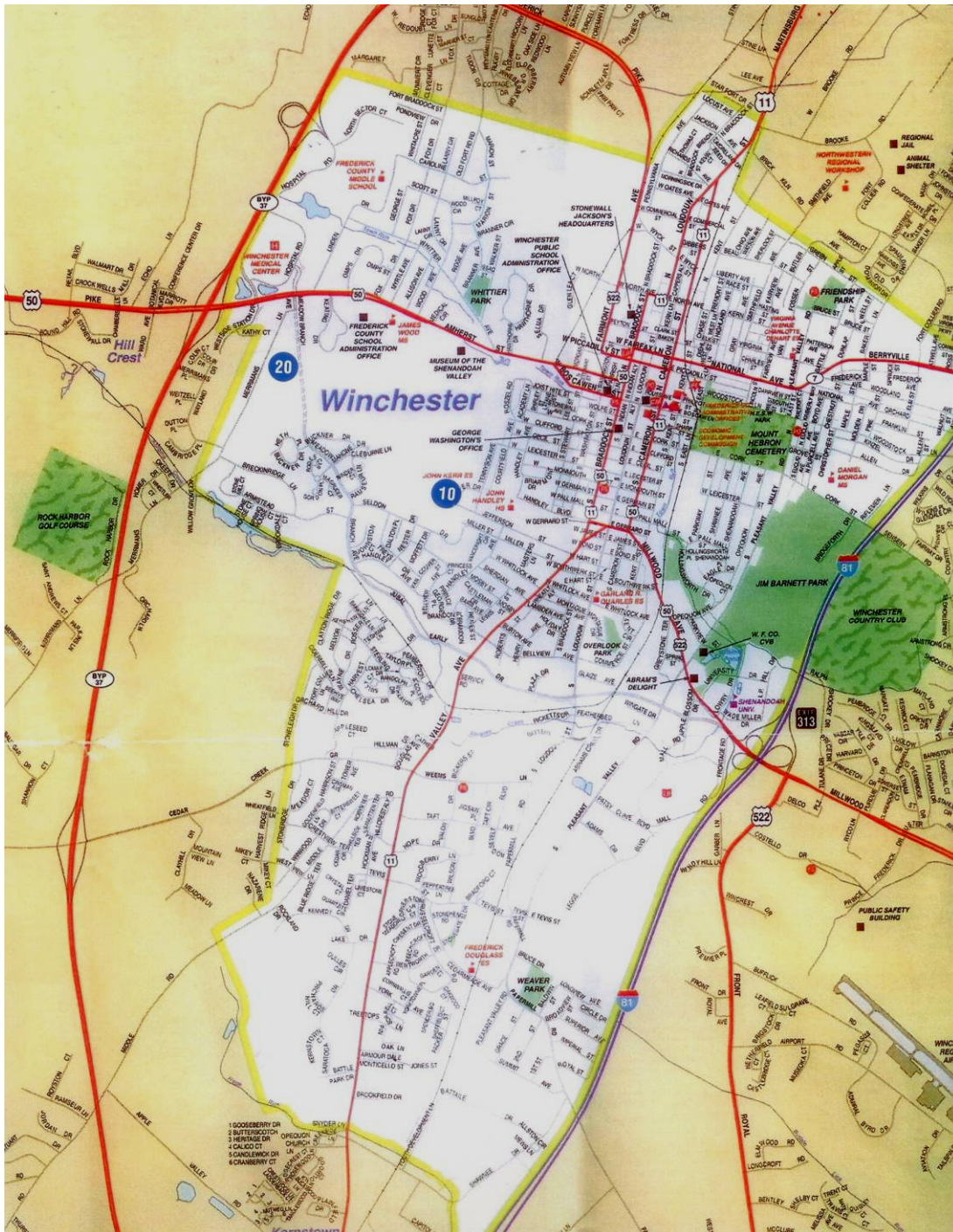


View East Along Jefferson Street from John Kerr School



View West Along Jefferson Street from John Kerr School

Map A – School Site Locations



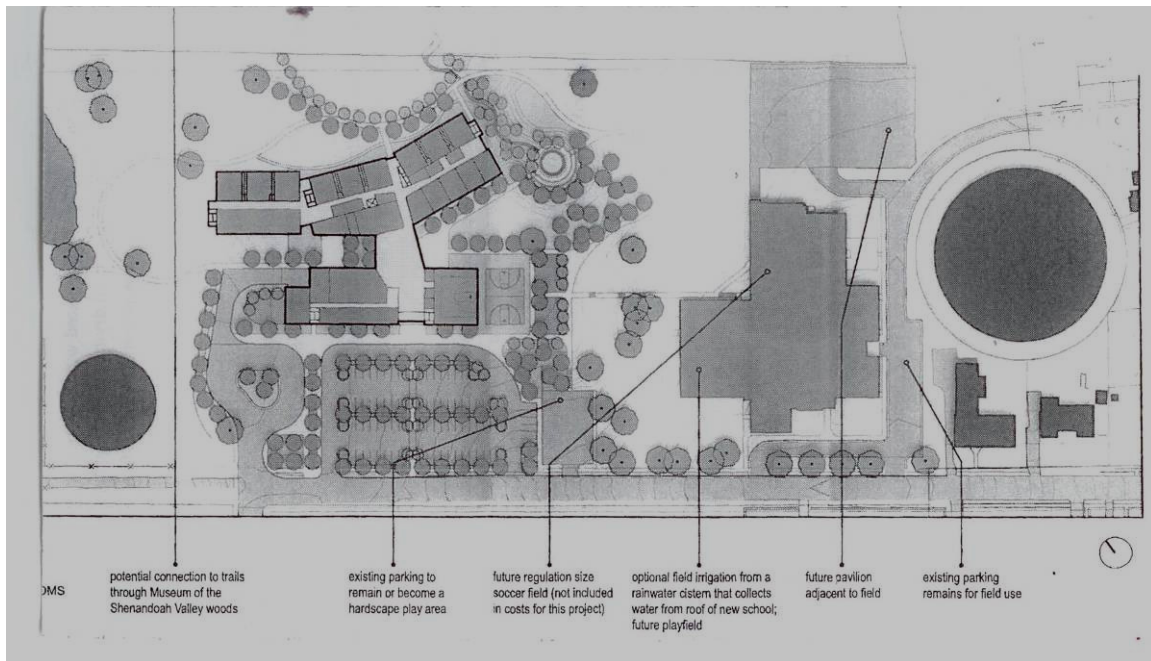
No. 10 – John Kerr School Site-Jefferson Avenue

No. 20 – John Kerr School Site - Meadow Branch Avenue

Map A shows the site location of the existing John Kerr School site and its proximity to the second school site under study for the John Kerr School which is along Meadow Branch Road extended. The aerial shown next provides a better site description. The new school location is to the west of the existing school building. The area west of the school is one of the last large undeveloped sections of the City. The area surrounding the school property is a treed low density residential area.



Next presented is the proposed master plan for the John Kerr School property with the proposed location of the new school building. This is the master plan that was presented to the public regarding this proposal. Under this proposal, the existing school building will remain and the new school will be built on approximately nine acres of land. A separate, new entrance is provided from Jefferson Street.



John Kerr School Property with New School Location

If developable, the identified highest and best use for this site, with or without the existing school building remaining, is single family detached homes. That conclusion is based on our analysis of adjacent land uses, regional access and the defined “competitive position” of the property with the City for other uses. Our review of recent home sales in the neighborhood is \$350,000 to \$450,000. It is likely that 25 homes at this price range can be built on the available land, with City approvals, as described below.

New John Kerr Elementary School Site on Meadow Branch Avenue

The second proposed school site is located along the right-of-way (R-O-W) of the proposed Meadow Branch Avenue extension. The site is shown on the aerial on Page 10. It is a 9.3-acre, vacant, rectangular shaped property. The school to be constructed at this site has the same development timing as for the new school on Jefferson Avenue, and the extension of Meadow Branch Avenue is expected to be completed in time for a

school to open at this location by Fall, 2015. The completion of Meadow Branch Avenue, which is the extension of the street from Buckner Drive north to Amherst Street (U.S. Route 50) will be built with or without the location of a new elementary school at this location.

The following photos show the school site along Meadow Branch Avenue. Once built, the school will front on Meadow Branch Avenue. Currently, access to the site is only available from a gravel road that intersects with Merrimans Lane and runs east into the Ridgefield Orchard property. The photos below show the property that is accessible from Merrimans Lane. This is the meadowland area. The remainder of the site is fully wooded, as shown on the aerial.

Part of the site is level, but the remainder is fully wooded. The two photos are views east into the site from the site entrance off of Merrimans Lane. The heavily treed areas extend east to Meadow Branch Avenue.

John Kerr School Site- Meadow Branch Avenue





The evaluation of the development potential of the school site along Meadow Branch Avenue, if not selected as the preferred site for a new school, is more complicated compared with the analysis of the current John Kerr School site. There is considerable available land for new development along the Meadow Branch Avenue corridor. There are two commercial sites located to the north of the school property. Across Meadow Branch Avenue from the proposed school site, shown with the letters RI, is a 10± acre site that is planned for new apartment unit development. To the south are two sites planned for single family subdivisions.

Thus, there are several options for development of the Ridgefield Orchard site if the new school is not located here. The site location is competitive for:

- Single family detached homes
- Single family attached homes

- An assisted living facility (ALF) given the nearby location of Winchester Medical Center.
- New medical office space, also given the site proximity to the hospital and the sizable number of medical office buildings already existing in this location.

Because there is interest in plans for new apartment units at the adjacent site on the east side of Meadow Branch Avenue, and the two pending single family subdivisions to the immediate south of the planned school site, we limited our highest and best use market study to upscale townhomes for sale, an ALF and medical office space. The reasoning is the direct competition from the development plans of the adjoining sites for apartment unit development and single family subdivisions. Market support is likely not sufficient for directly competing properties. However, the evaluation of the three uses provides sufficient market and fiscal impacts data to evaluate the conclusion that quality development will be feasible at this location.

City officials are aware that our firm has undertaken a considerable number of market studies within Winchester and Frederick County. The competitive market for new single subdivisions and apartment unit development is greater compared with the three uses to be studied for the Meadow Branch Avenue John Kerr school site. Thus, several reasons exist to study development opportunities for just medical office space, and assisted living facility and higher priced attached homes.

Current John Kerr Site Analysis

The best use for the 9± acres of “excess” land at the existing John Kerr School site, if available once the existing school is closed or relocated to the site along Meadow Branch Avenue, is single family homes. A total of 25± homes could be built at this location under a LR residential density, but without a site plan to verify the site’s development capacity.

However, development of this site will be difficult, at best. The property is zoned EIP, Education, Institution and Public Use. The City’s Comprehensive Plan

shows a civic/public use for the property. City staff report that the site is “challenging” due to the difficulty in connecting the site to adjacent streets, other than Jefferson Street. Neighborhood response to the development of the site is not expected to be positive. There is a covenant on the site that may preclude any development. Thus, the conclusion is that the current John Kerr school site cannot be developed for any other use.

However, we do show what the revenue generation to the City would be if single family homes were developed on the property, with a base sales price, plus add-ons, that would average \$400,000. The following chart summarizes a comparison of revenues and cost to the City from a development of this type. The fiscal impacts analysis of a new single family development will not provide net revenues to the city, as shown below, based on the assumptions noted.

<u>Current John Kerr School Site</u>		
<u>Annual Net Revenues at Site Build Out 1/</u>		
(rounded)		
<u>Revenues</u>	<u>Per Home Cost/ Revenue Analysis</u>	<u>25-Unit Subdivision Cost- Revenue Analysis</u>
Real Estate Tax Revenue	\$3,800	\$95,000
Other On-Site Tax Revenue	\$1,350	\$750
Off-Site Revenues	\$900	\$22,500
Total Annual Revenues	\$6,050	\$151,250
<u>Costs</u>		
Tax Supported Per Pupil School Costs 2/	\$8,000	\$200,000
Other On-Site Costs 3/	\$2,340	\$58,500
Off-Site	\$210	\$5,250
Total Annual Costs	\$10,500	\$263,750
Net Revenue	(-\$4,500)	(-\$112,500)
Notes: 1/ Based on FY 2013 budget		
2/ Based on one school student per housing unit		
3/ Based on average of three-person households.		

The conclusion related to the potential development of any available land at the current John Kerr School site is that development is not likely to be approved and if development of single family homes occurred, the net tax revenue for the City would be negative.

John Kerr School Site - Meadow Branch Avenue Analysis

There are multiple zoning categories along the Meadow Branch Avenue corridor, primarily MR, medium density residential and, RB 1- Residential/Business. One site is zoned LR, low density residential. These zoning classifications and the concepts for new development along the corridor are evolving, but City staff report that the concept for medical office space and assisted living remain valid as City officials continue to study the corridor. The land uses proposed for study, as noted above, are viable options based on market trends and the City's evolving plans for the area.

Merrimans Lane is developed with large lot, high priced single family homes. The single family homes along the developed portion of Meadow Branch Avenue on the south have middle-priced homes in the \$400,000 range. Thus, if townhomes are built on the Ridgefield Orchard site, they will likely be at a higher price than the market area average, which is in the low- to mid-\$200,000's.

The next aerial shows that, if built, the John Kerr school at this location, as planned, would require the entire 9.3-acre site. Also of note is the two designated commercial sites north of the (proposed) school property. These sites could be built with medical office space, if and when, market support exists. At 10+ acres of commercial land, the two sites could support three new medical office buildings totaling over 100,000 square feet. An alternative for these sites is retail or some other commercial use.



Medical Office Space

This subsection analyzes the development option for medical office space. We did not study other types of office use, as other locations in the City and region are more competitive and that sector of the market is currently oversupplied. The proximity to the hospital makes the north end of the Meadow Branch Avenue corridor ideal for medical office space.

Winchester Medical Center (WMC). The reason for the interest in medical office space, and senior-related housing, in the City is the quality of WMC. WMC has

expanded in recent years and offers comprehensive medical care at its large and expanding campus off of Amherst Street.



Winchester Medical Center (WMC)

Management at WMC completed a major three-year expansion project in 2012 that produced more than 368,000 square feet of new office and medical space and 80,000 square feet of renovated space. This resulted in the creation of approximately 75 new jobs. Project highlights of this expansion include:

- **East Parking Garage** is a five-level, 569-space structure completed in November, 2009 and located behind Hurst Hospitality House on the east side of the campus. The project included an enclosed skywalk between the parking garage and North Tower.
- **Heart & Vascular Center** was complete in April, 2011, and included adding 30 holding beds to total 65 (52 complete, 13 shelled) and one new cardiac catheterization lab for a total of six labs covering 54,400 square feet (25,600 square feet of new and 28,800 square feet of renovated space).

- **Clinical Laboratory.** This 32,600 square foot addition was completed in May, 2011. The project consisted of adding a second story above the existing Imaging Center to more than double the size of the lab.
- The **Emergency Department** was enlarged from 50 to 60 exam rooms with two new resuscitation rooms, plus a new seven-bed rapid assessment area. This totaled 31,180 square feet of new space and 4,380 square feet of renovated space. Construction on this was completed in November, 2011.
- The **Critical Care Unit** was enlarged from 30 to 48 rooms in four 12-bed pods, including the addition of 64,800 square feet of space. Also, 15,930 square feet of a former unit was also renovated. The Critical Care Unit opened in December, 2011.
- **Women & Children's Services.** This project included building flexible education space including a 1,600 square foot conference room, classrooms, and a Dedicated Women's & Children's entrance and lobby with a gift shop. This project included the construction of 68,400 square feet of new space in the North Tower and 22,300 square feet of renovated space. Construction on this portion of the project was completed in July, 2012.

WMC also has early plans to develop a new 47,000± square foot Cancer Center. Currently, some of those departments are in separate buildings within the medical campus. The center would include space for future radiological technology and additional surgical sub-specialties. The Cancer Center could open in late-2014 or early-2015 and be located behind the north tower and next to the outpatient diagnostic center.

In terms of its economic impact, Winchester Medical Center employs 2,214 full-time and 695 part-time employees. Valley Health, the parent company, employs an additional 1,122 employees in Winchester outside of the hospital campus.

Medical Office Building. Table 1 shows that there are 13 medical office buildings in the City with a total of nearly 325,000 square feet of space. In addition, La Rose Development has a 45,000 square foot building under construction and nearing completion at a site to the immediate east of the CVS and with frontage on Amherst Street (see aerial on page 10 and No. 16 on Map B).

The new building is 85% pre sold as a condominium office building with only two suites remaining. The developer reports that he has interest from two other medical tenants for space in other buildings.

Table 2: Characteristics of Medical Office Space, Winchester-Frederick County, VA, October, 2013

<u>Medical</u>	<u>Address</u>	<u>Year Built</u>	<u>Total Space</u>	<u>Vacant Space</u>
Medical Office Bldg I	1870 Amherst St	1988	90,000	0
Shenandoah Valley Orthodontics	1010 Amherst St	1992	4,800	0
1871 Amherst St	1871 Amherst St	1997	3,710	0
Amherst Family Practice	1867 Amherst St	1997	11,040	0
Westside Station LLC	345-347 Westside Station Dr	1997-1999	6,900	0
Brain and Spine Center	1818 Amherst St	1998	12,710	0
Medical Office Bldg. II 2/	190 Campus Blvd	1999	99,540	0
Dermatology Associates	1514 Amherst St	2001	7,420	0
Linden Drive Office Park	142-148 Linden Dr	2004	17,900	0
Westside Professional Center	172-212 Linden Dr	2005	30,000	0
Apple Blossom Family Practice	2913 Valley Ave	2007	15,000	0
Neurodiagnostic Center	905 Cedar Creek Grade	2008	15,000	0
Valley Family Practice and Internal Medicine	812 Amherst Ave	2012	<u>9,730</u>	<u>0</u>
Total			323,750	0

Source: S. Patz & Associates field and telephone survey.

The location of the new office building is also shown on Map B, to follow. Of the 13 medical office buildings shown in Table 1, seven are located along Amherst Street and two are located on Linden Drive, which is also close to the hospital. There are other medical-related tenants scattered throughout the City, some in mature space and some in owner-occupied space. There are also medical office users in general purpose buildings. The overall medical-related space occupancy in the City is likely closer to 400,000 square feet.

The medical office buildings are 100 percent occupied. There appears to be a pent-up demand for additional space, based on the current occupancy rate, the lease-up/sales pace at the new Gateway Office Condominium and the recent request from medical users for new space.

For the 2000 to 2012 period, there were 95,000 square feet of new medical-related office space built. Most of this space was built after 2005. The newest building is 45,000

square feet and will open in late-2013 or early 2014. For the 2005 to 2014 period, lease-up/sales averaged nearly 15,000 square feet per year.

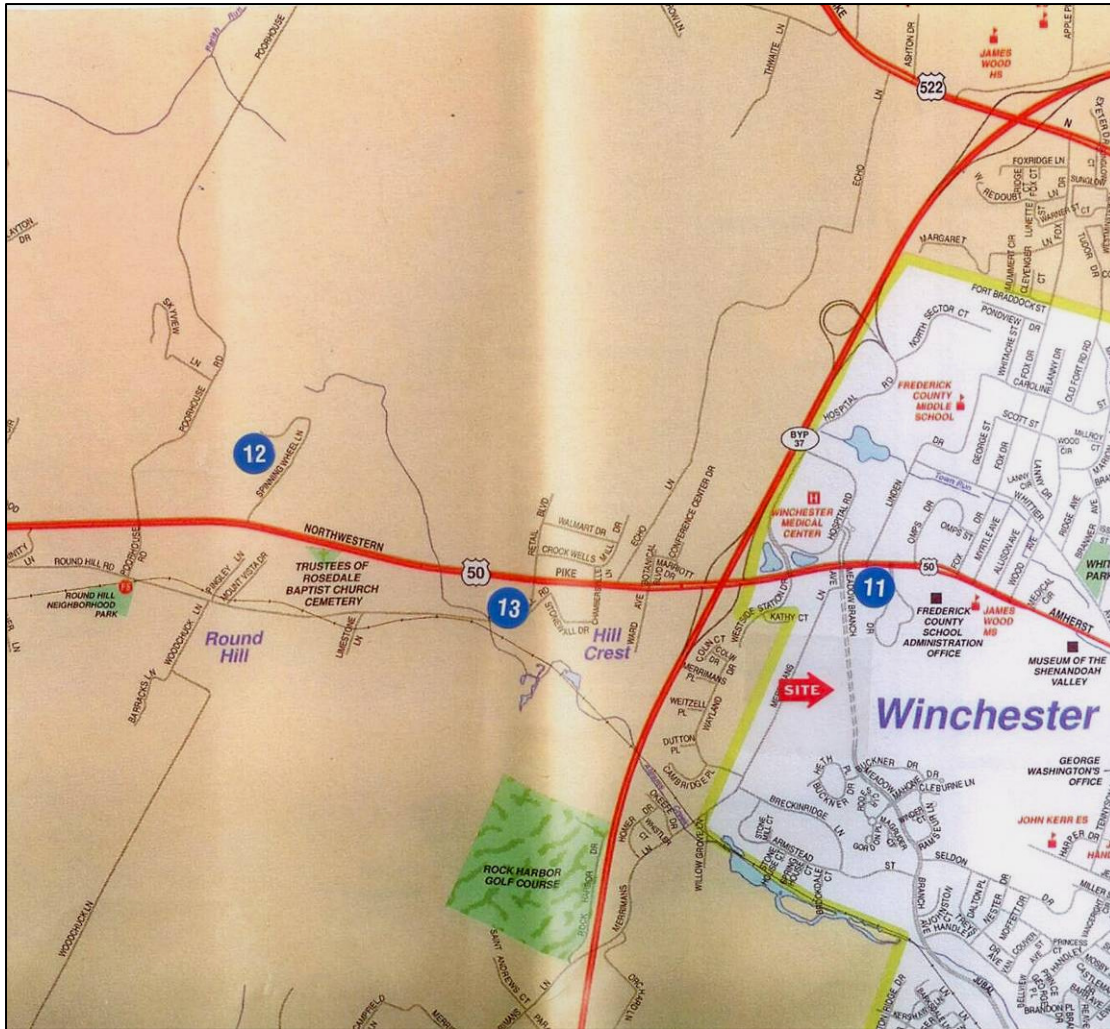
The Ridgefield Orchard site will not be available until 2016. Depending upon the timing of the completion of Meadow Branch Avenue, the adjacent two commercial properties will not be available until 2015 or 2016.

The conclusion regarding market support for new medical office space is that current trends could support 75,000± square feet of new space over the 2015 to 2020 period. Some of this space could be developed on the Ridgefield Orchard property. There is no way of determining which site can be developed first, i.e., one of the two commercial designated sites to the north of the Ridgefield Orchard site, or the Subject site under study. To do a highest and best use study, it is necessary to establish market support. The data presented above does that for medical office space.

Thus, there is demand for new medical office space in the City and over the post-2015 to approximately 2020, approximately 75,000 square feet of new space will be supportable. All or part of this space could be built on the Ridgefield Orchard site. Also, the Subject property may be developed after 2020.

For a 30,000 square foot office building, which requires no more than 3.0 to 3.5 acres of the 9+ acre site, the net fiscal impact to the City will be nearly \$134,000 per year, as shown below. If more medical office space is built on site, the net fiscal benefits will increase at a rate of nearly \$4.50 per square foot.

<u>Summary Net Fiscal Benefit</u> <u>30,000 Square Foot Office Building</u> <u>(2013 dollars)</u>		
	<u>Per Square Foot</u> <u>Calculation</u>	<u>Annual</u> <u>Net Revenue</u>
On-Site Taxes	\$5.93	\$177,900
On-Site Costs	<u>\$1.47</u>	<u>\$44,100</u>
Net Benefit	\$4.46	\$133,800



Map B- Route 50 West Corridor

This will be a viable use for the Ridgefield Orchard site in time. The newest ALF opened in 2011 on a site located just west of the City, across from the Walmart along U.S. Route 50 (see No. 13 on Map B). It is fully occupied and has been so shortly after opening with 60+ percent of its beds preleased. Additionally, the new Village at Orchard Ridge (No. 12 on Map B) has also been very successful since opening in 2013.

Data in Table 2 present the demographic trends for the older adult population in the greater Winchester area. The purpose of this analysis is to show the magnitude and growth of households headed by a person aged 80+ and with incomes of \$25,000 and

above. This is generally the target market for an ALF, although on-site management at some ALF's reports that residents are 84/85 plus years of age and older.

Data in Table 1 show that in 2013, the market area has approximately 2,000 senior-headed households within this age and income category. This sector of the Winchester area population has increased considerably since 1990 and is now five percent of total market area households. About 70 percent of the older-headed households are in the \$25,000+ income category.

Table 2: <u>Demographic Trends and Projections of Senior Population, Winchester-Frederick County, VA, 1990-2018</u> (Constant 2013 Dollars)				
	1990	2000	2010	2018
Market Area Population	67,670	82,790	104,510	121,030
Winchester City	21,950	23,590	26,200	27,610
Frederick County	45,720	59,210	78,310	93,420
Group Quarters Population	1,220	1,570	1,940	2,120 2/
Household Population	66,450	81,220	102,570	118,910
Persons Per Household	2.60	2.53	2.60	2.53
Total Households	25,550	32,100	39,470	47,000
<u>80+</u>				
Population	1,550	2,260	3,500	4,280
Percent of Total Population	2.3%	2.7%	3.3%	3.5%
Households	980	1,490	2,380	3,340
Percent of Total Households	3.8%	4.6%	6.0%	7.1%
Within Income Category 1/	460	960	1,660	2,440
Percent of Total Households	1.8%	3.0%	4.2%	5.2%
Percent 80+	46.9%	64.4%	69.7%	73.1%
Notes: 1/ Annual incomes exceeding \$25,000. 2/ Includes planned additions to on-campus beds at Shenandoah University.				
Source: 1990, 2000 and 2010 Census, U.S. Census Bureau, U.S. Department of Commerce; Weldon Cooper Center for Public Service S. Patz & Associates, Inc.				

Assisted Living Facilities. The Winchester area currently has six facilities with AL beds. Two of these, Westminster-Canterbury and Village of Orchard Ridge are CCRC's (continuing care retirement communities) with an abundance of independent living (IL) apartment units and a modest number of AL beds. In total, there are 367 ALF beds in the market area, with a 93± percent occupancy rate. The newest of these ALF's is

Spring Arbor, located west of the City on Route 50 (see Map B). However, the larger Village at Orchard Ridge opened in mid-2013 with 245 “beds”, or apartment units. Most of these are independent living apartment units.

Table 3 : Characteristics of Assisted Living Facilities by Type of Care, Winchester-Frederick County, August, 2013

	<u>Year Opened</u>	<u>Total Beds</u>
Amerisist of Stephens City	2002	39
Hilltop House Assisted Living	1985/90/08 2/	90
Westminster-Canterbury	1987/2004	60
Spring Arbor of Winchester	2011	80
Village at Orchard Ridge	05/2013	19
Willows at Meadow Branch	1998/10 3/	<u>79</u>
Total 1/		<u>367</u>
<p>Notes: 1/ Three other assisted living facilities in the market area -- Apple Manor, Bon Air Stephens City, and Royal Haven are mature and “affordable” ALF’s.</p> <p>2/ Expansion with 35 beds opened in April, 2008.</p> <p>3/ Renovation was completed in 2010.</p> <p>Source: S. Patz & Associates field and telephone survey.</p>		

Of the ALF’s, Amerisist is small and located in Stephens City. Hilltop House was expanded by 35 beds in 2008. The original facility is more modest and older. Westminster-Canterbury requires a large entrance fee. The 60 AL beds there are typically occupied by residents from the independent living apartments. Management does not market AL beds to the public. Willows is an attractive facility where ownership converted more beds to its special care wing. Village at Orchard Ridge has only 19 AL beds, but several hundred IL beds. As with Westminster-Canterbury, these AL beds are likely to be occupied by residents of the apartment units at the CCRC.

The Village at Orchard Ridge (TVOR) is a new CCRC on a 132-acre site on the north side of Northwestern Pike (Route 50), west of Retail Boulevard and east of Poorhouse Road (Route 654) in Frederick County, two miles west of Winchester Medical Center. An aerial of this community and photos of cottages at the CCRC are shown below.



The Village at Orchard Ridge



Cottages

Ground was broken in May, 2011 on the first phase of construction, which covers 40 acres and offers three levels of accommodations and care: independent living, assisted living and skilled nursing. The initial phase opened in February, 2013 for the independent living units. The community began taking admissions for assisted living,

memory support and nursing care residents in May, 2013. Individual components of the first phase are detailed in the paragraphs below:

- **Independent Living** consists of 51 LEED certified independent living cottage homes and 127 apartments with home-based assisted living services. Apartment sizes range from 786 square feet to 1,502 square feet, with monthly service fees between \$1,785 and \$2,415. Cottages are between 1,339 square feet and 1,686 square feet, with monthly service fees costing from \$2,415 to \$3,045.

These living spaces also have entrance fees. Either 50 or 100 percent of the entrance fees are refunded to residents or their families when they leave the community. Fifty percent refundable fees for cottages range from \$311,820 to \$393,500 and 100 percent refundable cottage fees are between \$455,540 and \$562,230. The 50 percent refundable fees for apartments go from \$203,490 to \$337,215 and 100 percent fees go from \$290,700 to \$489,600. Apartments also have a fee that offers a declining refund over an 18-month period. Those fees are between \$156,980 and \$264,385.

Apartments have 12 floor plans, with one- and two-bedroom options. The cottages have six floor plans, with two-bedroom, two-bath options. National Lutheran has "pre-sold" 83 percent of the Village residential units.

- **Assisted Living/Memory Care**. The assisted living memory care neighborhood opened for its first resident in May, 2013. This neighborhood features 14 private suites, 2 double-occupancy suites, a memory garden, salon and common spaces. Amenities include daily housekeeping, laundry, transportation services, all meals and life enrichment activities
- **Nursing Care/Short-term Rehabilitation**. The 10-unit nursing care and short-term rehabilitation neighborhood of Orchard Woods Health Center opened at the end of the summer 2013.

In addition to the private living areas, the community's common areas encompass four dining venues—the main dining room, a private dining room, a bistro, and a pub. A library, business center, hair salon, fitness room, exercise classroom, art studio, billiard room, resident gardening area, and walking trails are also available. The community also opened a nondenominational chapel in May, 2013 that can accommodate up to 180 people. The apartment units, AL beds and skilled nursing beds are in the elevator buildings shown in the photo to follow. The breakdown of units completed to date are listed below.

Current Unit Mix in Phase I

- 64 cottage homes for rent
- 135 apartment units in high rise buildings
- 19 AL beds
- 28 skilled nursing beds
- 245 Total



Apartment Buildings

Preliminary plans are underway for the community's second phase. Eventually, development on the community could reach as high as five phases totaling 650 apartments and cottage homes. There is currently no timeline for future phases. However, the sponsor's primary target market is active adults.

Conclusion. Trend data for older senior-headed households and the construction trends and occupancy of ALF beds show market support for 100 to 120 new beds over the 2013 to 2018 period. Most new ALF's contain about 80 beds. The conclusion is that over the next few years and prior to 2017/18, a new ALF would be feasible. There are no active plans at this time for an ALF except for future expansion at The Village at Orchard Ridge. Management at Orchard Ridge are expected to add a small number of AL beds in each phase, as they don't market their beds to the public. These beds are included in the demand calculation, so our demand analysis shows

market support for a new 80± bed ALF. The Ridgefield Orchard site is one of the most competitive for this use.

Fiscal Impact

An 80± bed new ALF will likely have a real estate value of \$12 million, based on an average room cost of \$150,000. That total will generate annual real estate taxes of \$114,000. There will also be some on-site revenues from purchases of food and supplies. Off-site revenues are minimal.

The primary cost to the City will be from EMS calls of 100+ trips per year. This may not be a net cost, as these trips would occur to City seniors anyway. The active net cost to the City is for any increase in seniors moving into the City.

We did not get good data for on-site purchases of goods, so we did not include those revenues in our analysis. Typically, 50 percent of the residents of an ALF move to the facility from out of the area, so the EMS cost is 50% of annual costs, of which Medicare covers at 80%.

In general, an 80-bed ALF, with normal occupancy, will likely generate at least \$110,000 per year in annual real estate taxes from the time of building completion and occupancy. Added to this are purchases of goods and food for the facility. This could add 25 percent to on-site revenues. The EMS and other costs are modest. Thus, we estimate a \$130,000 net annual revenue to the City from an 80-bed ALF.

Housing

The Winchester-Frederick County marketplace has four active new townhome communities and one which closed out in early-2013. There are also three large communities in the County in active planning with new towns planned. More townhouse subdivisions are likely to be added to the market as the economy improves.

At present, there are 100± lots still available at active townhome subdivisions and the three new proposals could add 960 new townhome lots in time. The sales pace at active townhome communities has not been at pre-recession levels, so the current and future level of competition could be considerable.

The current townhome market is priced at a maximum of \$250,000. Townhome development is likely not the highest and best use for the Ridgefield Orchard property, given the likely market support for medical office space and/or an ALF. This use would not generate a positive fiscal analysis for the City and competition could be considerable by 2015/16. The \$250,000 price range, reported in constant 2013 dollars, is likely below market for housing in this very attractive setting in the City.

Auburn Glen is the one townhouse community under study that is now closed out. It is an age-restricted community with current prices of \$250,000±. An attached, one story age-restricted community of 50 to 100 homes, with prices (more upscale) at \$300,000 would be a feasible option for the Ridgefield Orchard site. The success of IL apartment units at The Village of Orchard Ridge is one indication of a pent-up demand for this type of housing. The apartments at the new CCRC are rental, but require a considerable endowment fee.

The issue here is that the 9+ acre Ridgefield Orchard site may have excess land if built for an ALF, or one or two small medical office buildings. Whether the IL, age-restricted homes are one-story towns or an IL apartment building, market support should exist.

For a \$300,000 home, the real estate tax rate would equal \$2,850 per house. Other on-site revenue would equal \$1,350 per house. The on-site costs without school children is approximately \$1,000. The annual fiscal impact analysis for age-restricted housing priced in the \$300,000 range is as follows and include off-site revenues:



Autumn Glen

<u>Annual Fiscal Impacts Analysis at Build-Out</u> <u>Age-Restricted Housing</u>		
	<u>Per House</u>	<u>50-Unit</u> <u>Subdivision</u>
<u>On-Site Revenue</u>		
Real Estate Tax	\$2,850	\$142,500
Other Taxes	<u>\$1,350</u>	<u>\$67,500</u>
(Subtotal)	(\$4,200)	(\$210,000)
Off-Site Revenue	<u>\$900</u>	<u>\$45,000</u>
Total Revenue	\$5,100	\$255,000
<u>Costs</u> (on-site)		
Net Annual Revenue	\$4,100	\$205,000

Conclusion

Again, it is difficult to judge which site along Meadow Branch Avenue will be built first and with what land uses. However, over time, the Ridgefield Orchard site will be competitive for medical office space, an ALF and/or age-restricted housing. Ultimate development of the Ridgefield Orchard site could include one or more of the identified uses. All of the three uses under study (see chart below) will generate net tax revenue for the City, with the exact mix undefinable at this time.

<u>Summary of Annual Net Tax Revenue</u> <u>At Built-Out, Ridgefield Orchard Site</u> (2013 dollars)	
	<u>Annual Tax Revenue</u>
80-Bed ALF	\$130,000
30,000 Square Foot Office Building	\$133,800
(60,000 Square Foot Office Buildings)	(\$267,600)
50 Age-Restricted Subdivision	\$205,000

A mix of uses on-site would generate over \$200,000 in net tax revenue from development of these potential land uses.

City of Winchester
Public Services Department
Analysis of Project Costs for Roadway/Utilities
PPEA Proposal for New Elementary School - Shockey
Site: Jefferson Street
Draft: 10/17/13

Description	City Funds	VDOT Funds	Total Cost
Nester Drive Extension/Jefferson Street Extension	\$ 750,000.00	\$ 750,000.00	\$ 1,500,000.00
Sanitary Sewer Main Extension - Nester Drive	\$ 175,000.00		\$ 175,000.00
Right-of-Way Acquisition - Nester Drive	*TBD		
Water/Sewer Availability Fees (Assume 2" meter)	\$ 24,100.00		\$ 24,100.00
Totals	\$ 949,100.00	\$ 750,000.00	\$ 1,699,100.00

Notes:

* Cost for Nester ROW acquisition is unknown

Attachment C

City of Winchester
Public Services Department
Analysis of Project Costs for Roadway/Utilities
PPEA Proposal for New Elementary School - Caldwell and Santmyer
Site: Meadow Branch Avenue
Draft: 10/17/13

Description	City Funds	Developer Funds (Ridgefield Orchard)	Developer Funds (Moffett Property)	VDOT Funds	Total Cost
Meadow Branch Extension (Northern 2/3rd)	\$ -	\$ 1,320,000.00		\$ 1,320,000.00	\$ 2,640,000.00
Meadow Branch Extension (Southern 1/3rd)	\$ 680,000.00			\$ 680,000.00	\$ 1,360,000.00
Water and Sewer Main Extensions		\$ 300,000.00	\$ 25,000.00		\$ 325,000.00
Water/Sewer Availability Fees (Assume 2" meter)	\$ -				\$ -
Totals	\$ 680,000.00	\$ 1,620,000.00	\$ 25,000.00	\$ 2,000,000.00	\$ 4,325,000.00

Notes:

1. Assumes all right-of-way dedicated to City at no additional cost.
2. C&S Included the Cost for the Water/Sewer Availability Fees for a 2" Meter in their Proposal and Cost for the New School

Unfunded City Costs for Both Proposed JKES Sites

Jefferson Street Site	
Infrastructure	\$949,100
Equipment and Furniture	\$1,000,000
Preservation of Current JKES	Unknown
Right-of-Way Acquisition – Nester Drive	Unknown
TOTAL	\$1,949,100 plus unknown expenses

Meadow Branch Avenue Site	
Infrastructure	\$680,000
Equipment and Furniture	\$1,000,000
Preservation of Current JKES	Unknown
TOTAL	\$1,680,000 plus unknown expenses

CITY OF WINCHESTER, VIRGINIA

PROPOSED CITY COUNCIL AGENDA ITEM

CITY COUNCIL MEETING OF: 11/5/2013

CUT OFF DATE: 10/31/2013

RESOLUTION ☒ ORDINANCE ☐ PUBLIC HEARING ☐

ITEM TITLE: Resolution of the Common Council of the City of Winchester, Virginia Authorizing the Issuance, in an Aggregate Principal Amount not to Exceed \$115,000,000, By The Economic Development Authority of the City of Winchester, Virginia of its Hospital Revenue Bonds (Valley Health System Obligated Group), Series 2013A and its Hospital Revenue Bonds (Valley Health System Obligated Group), Series 2013B

STAFF RECOMMENDATION: Approval recommended by the Economic Redevelopment Director

PUBLIC NOTICE AND HEARING: N/A

ADVISORY BOARD RECOMMENDATION: Will be presented to the EDA for approval at a special meeting to be held on 11/5/13

FUNDING DATA: N/A

INSURANCE: N/A

The initiating Department Director will place below, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda.

<u>DEPARTMENT</u>	<u>INITIALS FOR APPROVAL</u>	<u>INITIALS FOR DISAPPROVAL</u>	<u>DATE</u>
1. Finance	<i>B</i>		<i>10/31/13</i>
2.			
3.			
4.			
5.			
6. City Attorney	<i>an</i>		<i>10/31/2013</i>
7. City Manager	<i>[Signature]</i>		<i>10/31/13</i>

Initiating Department Director's Signature:

APPROVED AS TO FORM:

10/31/13



CITY ATTORNEY

CITY COUNCIL ACTION MEMO

To: Honorable Mayor and Members of City Council

From: Jim Deskins, Director of Economic Redevelopment

Date: 10/31/13

Re: Resolution authorizing the issuance of an amount not to exceed \$115,000,000 by the EDA of Hospital Revenue Bonds, series 2013A and its Hospital Revenue Refunding Bonds, series 2013B

THE ISSUE: The authorization by City Council for the EDA bond issuance of \$115,000,000.

RELATIONSHIP TO STRATEGIC PLAN: Goal 1, Grow the Economy by helping to maintain Valley Health's financial viability.

BACKGROUND: The EDA has received an application from Valley Health for the issuance of \$70,000,000 refunding bonds to refund previously issued EDA series 2000 bonds and up to \$45,000,000 to fund a new Page county facility.

BUDGET IMPACT: The EDA will receive 1/10 of one percent of the outstanding bonds as an annual administrative fee.

OPTIONS: Council may approve or disapprove.

RECOMMENDATIONS: We recommend that the Council approve the attached Resolution.

**RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF WINCHESTER,
VIRGINIA AUTHORIZING THE ISSUANCE, IN AN AGGREGATE PRINCIPAL
AMOUNT NOT TO EXCEED \$115,000,000, BY THE ECONOMIC DEVELOPMENT
AUTHORITY OF THE CITY OF WINCHESTER, VIRGINIA OF ITS HOSPITAL
REVENUE BONDS (VALLEY HEALTH SYSTEM OBLIGATED GROUP), SERIES
2013A AND ITS HOSPITAL REVENUE REFUNDING BONDS (VALLEY HEALTH
SYSTEM OBLIGATED GROUP), SERIES 2013B**

WHEREAS, the City of Winchester, Virginia (the "City") is a political subdivision of the Commonwealth of Virginia exercising public and essential governmental functions pursuant to the Constitution and the laws of the Commonwealth of Virginia; and

WHEREAS, the Economic Development Authority of the City of Winchester, Virginia (the "Authority") is a political subdivision of the Commonwealth of Virginia and is authorized under Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), to borrow money for the purpose of providing funds to finance the acquisition, construction, equipping, expansion, enlargement and improvement of medical facilities in order to provide modern and efficient medical services to the inhabitants of the Commonwealth of Virginia, to refinance medical facilities in order to reduce the costs to residents of the Commonwealth of utilizing such facilities and to issue its revenue bonds for the purpose of carrying out any of its powers; and

WHEREAS, Winchester Medical Center ("Winchester") is a private, nonstock corporation duly incorporated and validly existing under and by virtue of the laws of the Commonwealth of Virginia, which operates medical facilities located in the City of Winchester, Virginia; and

WHEREAS, Page Memorial Hospital ("Page") is a private, nonstock corporation duly incorporated and validly existing under and by virtue of the laws of the Commonwealth of Virginia, which operates medical facilities located in the Town of Luray, Page County, Virginia; and

WHEREAS, Winchester and Page have requested that the Authority issue two series of its revenue bonds (the "Series 2013A Bonds" and the "Series 2013B Bonds" and, together, the "Bonds"), in an aggregate principal amount not to exceed \$115,000,000; and

WHEREAS, the Series 2013A Bonds will be issued for the purpose of making a loan to Page (a) to pay, or reimburse Page for paying, the cost of the construction and equipping of a new hospital facility to replace Page's current hospital facility and to consist of 68,000 square feet of space on two floors above ground and one floor below ground and to house 25 acute care beds (the "Page Replacement Hospital") and (b) to pay certain expenses incurred in connection with the authorization, issuance and sale of the Series 2013A Bonds; and

WHEREAS, the Series 2013B Bonds will be issued for the purpose of making a loan to Winchester (a) to refund the outstanding Industrial Development Authority of Clarke County, Virginia Hospital Facility Revenue Bonds (Winchester Medical Center, Inc.), Series 2000, issued in the original aggregate principal amount of \$70,000,000 (the "Series 2000 Bonds"), and (b) to

pay certain expenses in connection with the authorization, issuance and sale of the Series 2013B Bonds; and

WHEREAS, the Series 2000 Bonds were issued for the purpose of providing funds, together with other available funds, (a) to pay, or reimburse Winchester for paying, the costs of (i) the replacement and expansion of the emergency room at the general acute care hospital and regional referral center known as Winchester Medical Center (the "Medical Center"), (ii) the renovation, expansion and equipping of the Medical Center over a period of three years to accommodate increased growth needs, including the renovation of space for food service, the relocation and expansion of space for medical outpatient services, the relocation and expansion of space for morning admissions of patients, the renovation and expansion of operating rooms, the expansion of space for child care, the expansion of space for the imaging center, the acquisition and installation of additional magnetic resonance imaging equipment, the installation of a new telephone system, the installation of a temperature control system as part of the energy management program, the expansion of space for cardiac catheterization services and the holding area for such services, the renovation and relocation of space for outpatient physical therapy and occupational therapy, and other general renovations of the Medical Center and acquisition of general equipment for use at the Medical Center, (iii) the renovation of Winchester's central plant facilities (the "Central Plant Renovations"), and (iv) the construction of a new interchange on Route 37 (the "Interchange") to provide additional access to the Medical Center and relieve traffic congestion at its Amherst Street entrances, and (b) to pay certain costs of issuance, including certain fees for a liquidity facility and a premium for a municipal bond insurance policy, of the Series 2000 Bonds; and

WHEREAS, the Page Replacement Hospital will be located at 200 Memorial Drive, Luray, Virginia 22835; and the Page Replacement Hospital will be owned and operated by Page, whose sole corporate member is Valley Health System ("Valley Health System"), a Virginia nonstock corporation; and

WHEREAS, the Medical Center (other than the Central Plant Renovations and the Interchange) is located on a 162-acre campus bounded on the south by Amherst Street, on the west by Route 37, on the north approximately by Pond View Drive and a line extending from the end of Pond View Drive west to Route 37, and approximately on the east by Linden Drive and Whitacre Street, with addresses currently ranging from 1830 to 1890 Amherst Street and from 190 to 400 Campus Blvd., Winchester, Virginia 22604; the Interchange is located primarily in Frederick County, Virginia with a minor portion located in the City of Winchester, Virginia, specifically at an interchange onto Route 37 from the Medical Center between the Route 50 interchange and the Route 522 interchange; and the Central Plant Renovations are located at 333 West Cork Street, Winchester, Virginia 22601; and

WHEREAS, the Medical Center and the Central Plant Renovations are owned and operated by Winchester, whose sole corporate member is Valley Health System; and the Interchange is owned and maintained by the Commonwealth of Virginia; and

WHEREAS, the Authority has by resolution adopted on November 5, 2013 (the "Authority Approval Resolution") approved the issuance by the Authority of the Bonds, in an

aggregate principal amount not exceeding \$115,000,000, for the purposes hereinabove set forth; and

WHEREAS, the Authority held a public hearing on November 5, 2013 with respect to the issuance of the Bonds in accordance with state and federal law; and

WHEREAS, the Common Council of the City of Winchester, Virginia (the "Winchester Common Council") must first approve the issuance of the Bonds by the Authority; and

WHEREAS, the Authority has delivered or caused to be delivered to the Winchester Common Council the following: (i) a reasonably detailed summary of the comments expressed at the public hearing held by the Authority in connection with the issuance of the Bonds, (ii) a fiscal impact statement concerning the Page Replacement Hospital and the Bonds in the form specified by Section 15.2-4907 of the Act, and (iii) a copy of the Authority Approval Resolution, which constitutes the recommendation of the Authority that the Winchester Common Council approve the issuance of the Bonds; and

WHEREAS, the Winchester Common Council has determined that it is advisable and in the best interest of the City to approve the issuance by the Authority of the Bonds, in an aggregate principal amount not exceeding \$115,000,000, to protect and promote the health and welfare of the inhabitants of the Commonwealth of Virginia;

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Winchester, Virginia:

1. The Winchester Common Council hereby approves the issuance by the Authority of the Bonds, in an aggregate principal amount not exceeding \$115,000,000, to provide funds for the purpose of (A) making a loan to Page (1) to pay, or reimburse Page for paying, the cost of the construction and equipping of the Page Replacement Hospital and (2) to pay certain expenses incurred in connection with the authorization, issuance and sale of the Series 2013A Bonds and (B) making a loan to Winchester (1) to refund the Series 2000 Bonds and (2) to pay certain expenses incurred in connection with the authorization, issuance and sale of the Series 2013B Bonds.

2. The Mayor, the Clerk and any Deputy Clerk of the Winchester Common Council are hereby authorized and directed, acting jointly or separately, on behalf of the City, to take all action necessary or desirable, including the execution of any documents, to consummate the issuance of the Bonds.

3. The approval of the issuance of the Bonds, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended, and the Act, does not constitute an endorsement to any prospective purchaser of the Bonds of the creditworthiness of Winchester or Page and, as required by the Act, the Bonds shall provide that neither the Commonwealth of Virginia, the City nor the Authority shall be obligated to pay the principal of, the redemption premium, if any, or the interest on the Bonds or other costs incident thereto except from the revenues and funds pledged therefor and neither the faith or credit nor the taxing power of the Commonwealth of Virginia, the City nor the Authority shall be pledged thereto.

4. This resolution shall take effect immediately upon its passage.

ATTEST:

[Name of Clerk]
Deputy Clerk of the Common Council